

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE EASTERN DISTRICT OF TENNESSEE
2 KNOXVILLE DIVISION

3
4 LAUREN B. LLOYD,)
5)
5)
6)
6)
7)
7)
7 v.) No. 3:12-cv-00566
8)
8)
8)
9 MIDLAND FUNDING, LLC;)
9 MIDLAND CREDIT MANAGEMENT,)
10 INC.; and ENCORE CAPITAL GROUP)
10 INC.,)
11)
11)
12 Defendants.)

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16 DEPOSITION OF MICHAEL CLONCE

17

18 Friday, January 17th, 2014

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1 **What does it tell us? What does it represent?**

2 A. Well, there again, this very first
3 one is just your mortgage -- Imaging Cover Sheet
4 where we sent it to imaging and it's got the
5 application denial. But this -- this would be a --
6 she applied for a construction to perm loan.

7 Q. **And what exactly is a construction
8 to perm loan just for the record?**

9 A. Well, that's where you take a loan
10 to build your house and then we have a feature
11 where, then, you can lock in and then convert it to
12 your permanent loan without going through two
13 closings.

14 Q. All right. And you had said, at
15 least by looking at the first page, this particular
16 application was denied?

17 A. Yes.

18 Q. **And this was an application where
19 Lauren Lloyd applied for a construction to perm
20 loan?**

21 A. Yes.

22 Q. **And what was the amount of the
23 request for this loan?**

24 A. 200,000.

25 Q. **Okay. And I'm looking for a date**

1 charge-offs.

2 Notice of the public record
3 information, there is a judgment listed on there by
4 Midland Credit -- or, I'm sorry, Midland Funding,
5 LLC.

6 My question is, when Y-12 Credit
7 Union denied this loan, you've just listed a lot of
8 information that Y-12 considered. My question, to
9 be blunt and be straight forward about it is, if
10 this judgment were not on her record, would she have
11 gotten this loan?

12 A. No.

13 Q. Why is that?

14 A. Due to other numerous charge-offs.

15 Q. Okay. I notice on the -- going
16 toward the back of this again, toward your credit
17 score and the price you pay for credit, I notice on
18 this particular credit report, Lauren Lloyd's credit
19 score is reflected as a 643.

20 A. Yes.

21 Q. Does that score, as a raw score by
22 itself, does Y-12 use that score to make the
23 determination -- did it make -- let me rephrase
24 that.

25 Did Y-12 use this raw score alone

1 we've got our worksheet for imaging, then denials.
2 It's our standard package when someone applies for a
3 loan, we send everything over to imaging, so it's
4 got your basic, your disclosures, your application,
5 and the credit bureau.

6 Q. Now, this particular loan is not --
7 it's not a construction to perm loan, correct?

8 A. No, it's just a purchase loan.

9 Q. Just a purchase loan, okay.

10 A. And the amount of that loan was --

11 A. Excuse me, 175.

12 Q. 175.

13 And on this particular loan, it
14 appears from the first page this application was
15 also denied, correct?

16 A. Yes.

17 Q. Okay. What were the reasons -- I'm
18 looking at Page 2, which probably will help
19 refresh --

20 A. Yes.

21 Q. -- for what reasons was this
22 particular loan --

23 A. Delinquent credit obligations and,
24 again, information from a consumer reporting agency.

25 Q. All right. And kind of going back

1 definitions that are pertaining to the credit score.

2 You kind of look at the profile summary to kind of
3 get an overview of what you are looking at.

4 And then you would look back at the
5 accounts, and the first thing that hit me again
6 would be, you know, the delinquency with us in the
7 past. And then, there again, like before, because
8 nothing's changed in that since the last one, Toyota
9 Motor Credit, and then if you come down to all the
10 collection information.

11 Q. Right. Now, one thing I note on
12 Page 5 of 6 of this credit report, under the Public
13 Record Information here, the judgment that had
14 previously been listed against Lauren Lloyd is no
15 longer listed, correct?

16 A. Correct.

17 Q. So I guess I'll ask the obvious.
18 The judgment that had previously been listed against
19 Lauren Lloyd certainly was not the reason why this
20 particular loan application was denied, correct?

21 A. Correct.

22 Q. At any time during the course of
23 Lauren Lloyd applying for this particular mortgage,
24 did Y-12 Credit Union offer her this mortgage at a
25 higher rate of interest?

1 because it was horribly asked. Let me ask it again.

2 I'm going to turn to the -- if

3 Lauren Lloyd had not had the judgment listed on the
4 credit report for this construction to perm loan,
5 would she have gotten the loan?

6 A. No.

7 Q. And second of all, did the credit
8 score that was listed for the purchase loan on 8,
9 did the credit score cause Y-12 Credit Union to
10 offer Lauren Lloyd a loan, even though this one was
11 denied, at a higher rate of interest?

12 A. Sorry, ask that again because I
13 want to make sure I answer it correctly.

14 Q. Yeah. I'm saying, at any point,
15 did -- when this application was denied, but in the
16 course of that, there was no time that Y-12 said
17 we're going to deny this, but we'll offer you a
18 different loan at a higher rate?

19 MR. PRICE: Again, I object to the
20 form of the question.

21 Q. And if you understand that one,
22 I'll ask you to answer it.

23 A. No.

24 Q. Okay.

25 MR. HEINSS: I don't have any

1 further questions.

2 MR. PRICE: I don't have any
3 questions.

4 (Proceedings concluded at 10:55 a.m.)

5 FURTHER THIS DEPONENT SAITH NOT.

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1 C E R T I F I C A T E

2 STATE OF TENNESSEE:

3 COUNTY OF KNOX:

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5 I, Virginia B. Truesdel, Notary
6 Public and Licensed Court Reporter in the State of
7 Tennessee, do hereby certify that I reported in
8 machine shorthand the foregoing proceedings; that
9 the foregoing pages, numbered 1 to 42, inclusive,
10 were typed by me using computer-aided transcription
11 and constitute a true and accurate record of said
12 proceedings.

13 I further certify that I am not an
14 attorney or counsel of any attorney or counsel
15 connected with the action, nor financially
16 interested in the action.

17 Witness my hand and official seal
18 this the 18th day of January, 2014.

19

20 
21

22 Virginia B. Truesdel
23 LCR #003; Expiration: 6/30/2014.
24 My commission expires: 7/16/2016.

25